

INITIATIVE 1183

To the People

Chapter 2, Laws of 2012

LIQUOR SALES--PRIVATIZATION

EFFECTIVE DATE: 12/08/11

Approved by the
People of the State of Washington
in the General Election on
November 8, 2011

ORIGINALLY FILED

May 26, 2011

Secretary of State

1 AN ACT Relating to liquor; amending RCW 66.24.360, 82.08.150,
2 66.08.050, 66.08.060, 66.20.010, 66.20.160, 66.24.310, 66.24.380,
3 66.28.030, 66.24.540, 66.24.590, 66.28.060, 66.28.070, 66.28.170,
4 66.28.180, 66.28.190, 66.28.280, 66.04.010, 43.19.19054, 66.08.020,
5 66.08.026, 66.08.030, 66.24.145, 66.24.160, 66.32.010, 66.44.120,
6 66.44.150, 66.44.340, 19.126.010, and 19.126.040; reenacting and
7 amending RCW 66.28.040 and 19.126.020; adding new sections to chapter
8 66.24 RCW; adding new sections to chapter 66.28 RCW; creating new
9 sections; repealing RCW 66.08.070, 66.08.075, 66.08.160, 66.08.165,
10 66.08.166, 66.08.167, 66.08.220, 66.08.235, 66.16.010, 66.16.040,
11 66.16.041, 66.16.050, 66.16.060, 66.16.070, 66.16.100, 66.16.110,
12 66.16.120, and 66.28.045; contingently repealing ESSB 5942, 2011 1st
13 sp.s. c ... ss 1 through 10; and providing an effective date.

14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

15 **PART I**
16 **LICENSED SALE OF SPIRITS**

17 NEW SECTION. **Sec. 101.** (1) The people of the state of Washington,
18 in enacting this initiative measure, find that the state government

1 monopoly on liquor distribution and liquor stores in Washington and the
2 state government regulations that arbitrarily restrict the wholesale
3 distribution and pricing of wine are outdated, inefficient, and costly
4 to local taxpayers, consumers, distributors, and retailers. Therefore,
5 the people wish to privatize and modernize both wholesale distribution
6 and retail sales of liquor and remove outdated restrictions on the
7 wholesale distribution of wine by enacting this initiative.

8 (2) This initiative will:

9 (a) Privatize and modernize wholesale distribution and retail sales
10 of liquor in Washington state in a manner that will reduce state
11 government costs and provide increased funding for state and local
12 government services, while continuing to strictly regulate the
13 distribution and sale of liquor;

14 (b) Get the state government out of the commercial business of
15 distributing, selling, and promoting the sale of liquor, allowing the
16 state to focus on the more appropriate government role of enforcing
17 liquor laws and protecting public health and safety concerning all
18 alcoholic beverages;

19 (c) Authorize the state to auction off its existing state liquor
20 distribution and state liquor store facilities and equipment;

21 (d) Allow a private distributor of alcohol to get a license to
22 distribute liquor if that distributor meets the requirements set by the
23 Washington state liquor control board and is approved for a license by
24 the board and create provisions to promote investments by private
25 distributors;

26 (e) Require private distributors who get licenses to distribute
27 liquor to pay ten percent of their gross spirits revenues to the state
28 during the first two years and five percent of their gross spirits
29 revenues to the state after the first two years;

30 (f) Allow for a limited number of retail stores to sell liquor if
31 they meet public safety requirements set by this initiative and the
32 liquor control board;

33 (g) Require that a retail store must have ten thousand square feet
34 or more of fully enclosed retail space within a single structure in
35 order to get a license to sell liquor, with limited exceptions;

36 (h) Require a retail store to demonstrate to state regulators that
37 it can effectively prevent sales of alcohol to minors in order to get
38 a license to sell liquor;

1 (i) Ensure that local communities have input before a liquor
2 license can be issued to a local retailer or distributor and maintain
3 all local zoning requirements and authority related to the location of
4 liquor stores;

5 (j) Require private retailers who get licenses to sell liquor to
6 pay seventeen percent of their gross spirits revenues to the state;

7 (k) Maintain the current distribution of liquor revenues to local
8 governments and dedicate a portion of the new revenues raised from
9 liquor license fees to increase funding for local public safety
10 programs, including police, fire, and emergency services in communities
11 throughout the state;

12 (l) Make the standard fines and license suspension penalties for
13 selling liquor to minors twice as strong as the existing fines and
14 penalties for selling beer or wine to minors;

15 (m) Make requirements for training and supervision of employees
16 selling spirits at retail more stringent than what is now required for
17 sales of beer and wine;

18 (n) Update the current law on wine distribution to allow wine
19 distributors and wineries to give volume discounts on the wholesale
20 price of wine to retail stores and restaurants; and

21 (o) Allow retailers and restaurants to distribute wine to their own
22 stores from a central warehouse.

23 NEW SECTION. **Sec. 102.** A new section is added to chapter 66.24
24 RCW to read as follows:

25 (1) The holder of a spirits distributor license or spirits retail
26 license issued under this title may commence sale of spirits upon
27 issuance thereof, but in no event earlier than March 1, 2012, for
28 distributors, or June 1, 2012, for retailers. The board must complete
29 application processing by those dates of all complete applications for
30 spirits licenses on file with the board on or before sixty days from
31 the effective date of this section.

32 (2) The board must effect orderly closure of all state liquor
33 stores no later than June 1, 2012, and must thereafter refrain from
34 purchase, sale, or distribution of liquor, except for asset sales
35 authorized by this act.

36 (3) The board must devote sufficient resources to planning and
37 preparation for sale of all assets of state liquor stores and

1 distribution centers, and all other assets of the state over which the
2 board has power of disposition, including without limitation goodwill
3 and location value associated with state liquor stores, with the
4 objective of depleting all inventory of liquor by May 31, 2012, and
5 closing all other asset sales no later than June 1, 2013. The board,
6 in furtherance of this subsection, may sell liquor to spirits
7 licensees.

8 (4) (a) Disposition of any state liquor store or distribution center
9 assets remaining after June 1, 2013, must be managed by the department
10 of revenue.

11 (b) The board must obtain the maximum reasonable value for all
12 asset sales made under this section.

13 (c) The board must sell by auction open to the public the right at
14 each state-owned store location of a spirits retail licensee to operate
15 a liquor store upon the premises. Such right must be freely alienable
16 and subject to all state and local zoning and land use requirements
17 applicable to the property. Acquisition of the operating rights must
18 be a precondition to, but does not establish eligibility for, a spirits
19 retail license at the location of a state store and does not confer any
20 privilege conferred by a spirits retail license. Holding the rights
21 does not require the holder of the right to operate a liquor-licensed
22 business or apply for a liquor license.

23 (5) All sales proceeds under this section, net of direct sales
24 expenses and other transition costs authorized by this section, must be
25 deposited into the liquor revolving fund.

26 (6) (a) The board must complete the orderly transition from the
27 current state-controlled system to the private licensee system of
28 spirits retailing and distribution as required under this chapter by
29 June 1, 2012.

30 (b) The transition must include, without limitation, a provision
31 for applying operating and asset sale revenues of the board to just and
32 reasonable measures to avert harm to interests of tribes, military
33 buyers, and nonemployee liquor store operators under then existing
34 contracts for supply by the board of distilled spirits, taking into
35 account present value of issuance of a spirits retail license to the
36 holder of such interest. The provision may extend beyond the time for
37 completion of transition to a spirits licensee system.

1 (c) Purchases by the federal government from any licensee of the
2 board of spirits for resale through commissaries at military
3 installations are exempt from sales tax based on selling price levied
4 by RCW 82.08.150.

5 NEW SECTION. **Sec. 103.** A new section is added to chapter 66.24
6 RCW to read as follows:

7 (1) There is a spirits retail license to: Sell spirits in original
8 containers to consumers for consumption off the licensed premises and
9 to permit holders; sell spirits in original containers to retailers
10 licensed to sell spirits for consumption on the premises, for resale at
11 their licensed premises according to the terms of their licenses,
12 although no single sale may exceed twenty-four liters, unless the sale
13 is by a licensee that was a contract liquor store manager of a contract
14 liquor store at the location of its spirits retail licensed premises
15 from which it makes such sales; and export spirits.

16 (2) For the purposes of this title, a spirits retail license is a
17 retail license, and a sale by a spirits retailer is a retail sale only
18 if not for resale. Nothing in this title authorizes sales by on-sale
19 licensees to other retail licensees. The board must establish by rule
20 an obligation of on-sale spirits retailers to:

21 (a) Maintain a schedule by stock-keeping unit of all their
22 purchases of spirits from spirits retail licensees, indicating the
23 identity of the seller and the quantities purchased; and

24 (b) Provide, not more frequently than quarterly, a report for each
25 scheduled item containing the identity of the purchasing on-premise
26 licensee and the quantities of that scheduled item purchased since any
27 preceding report to:

28 (i) A distributor authorized by the distiller to distribute a
29 scheduled item in the on-sale licensee's geographic area; or

30 (ii) A distiller acting as distributor of the scheduled item in the
31 area.

32 (3) (a) Except as otherwise provided in subsection (c) of this
33 section, the board may issue spirits retail licenses only for premises
34 comprising at least ten thousand square feet of fully enclosed retail
35 space within a single structure, including storerooms and other
36 interior auxiliary areas but excluding covered or fenced exterior
37 areas, whether or not attached to the structure, and only to applicants

1 that the board determines will maintain systems for inventory
2 management, employee training, employee supervision, and physical
3 security of the product substantially as effective as those of stores
4 currently operated by the board with respect to preventing sales to or
5 pilferage by underage or inebriated persons.

6 (b) License issuances and renewals are subject to RCW 66.24.010 and
7 the regulations promulgated thereunder, including without limitation
8 rights of cities, towns, county legislative authorities, the public,
9 churches, schools, and public institutions to object to or prevent
10 issuance of local liquor licenses. However, existing grocery premises
11 licensed to sell beer and/or wine are deemed to be premises "now
12 licensed" under RCW 66.24.010(9)(a) for the purpose of processing
13 applications for spirits retail licenses.

14 (c) The board may not deny a spirits retail license to an otherwise
15 qualified contract liquor store at its contract location or to the
16 holder of former state liquor store operating rights sold at auction
17 under section 102 of this act on the grounds of location, nature, or
18 size of the premises to be licensed. The board shall not deny a
19 spirits retail license to applicants that are not contract liquor
20 stores or operating rights holders on the grounds of the size of the
21 premises to be licensed, if such applicant is otherwise qualified and
22 the board determines that:

23 (i) There is no retail spirits license holder in the trade area
24 that the applicant proposes to serve;

25 (ii) The applicant meets, or upon licensure will meet, the
26 operational requirements established by the board by rule; and

27 (iii) The licensee has not committed more than one public safety
28 violation within the three years preceding application.

29 (d) A retailer authorized to sell spirits for consumption on or off
30 the licensed premises may accept delivery of spirits at its licensed
31 premises or at one or more warehouse facilities registered with the
32 board, which facilities may also warehouse and distribute nonliquor
33 items, and from which the retailer may deliver to its own licensed
34 premises and, pursuant to sales permitted under subsection (1) of this
35 section:

36 (i) To other retailer premises licensed to sell spirits for
37 consumption on the licensed premises;

38 (ii) To other registered facilities; or

1 (iii) To lawful purchasers outside the state. The facilities may
2 be registered and utilized by associations, cooperatives, or comparable
3 groups of retailers, including at least one retailer licensed to sell
4 spirits.

5 (4) Each spirits retail licensee must pay to the board, for deposit
6 into the liquor revolving fund, a license issuance fee equivalent to
7 seventeen percent of all spirits sales revenues under the license,
8 exclusive of taxes collected by the licensee and of sales of items on
9 which a license fee payable under this section has otherwise been
10 incurred. The board must establish rules setting forth the timing of
11 such payments and reporting of sales dollar volume by the licensee,
12 with payments required quarterly in arrears. The first payment is due
13 October 1, 2012.

14 (5) In addition to the payment required under subsection (4) of
15 this section, each licensee must pay an annual license renewal fee of
16 one hundred sixty-six dollars. The board must periodically review and
17 adjust the renewal fee as may be required to maintain it as comparable
18 to annual license renewal fees for licenses to sell beer and wine not
19 for consumption on the licensed premises. If required by law at the
20 time, any increase of the annual renewal fee becomes effective only
21 upon ratification by the legislature.

22 (6) As a condition to receiving and renewing a retail spirits
23 license the licensee must provide training as prescribed by the board
24 by rule for individuals who sell spirits or who manage others who sell
25 spirits regarding compliance with laws and regulations regarding sale
26 of spirits, including without limitation the prohibitions against sale
27 of spirits to individuals who are underage or visibly intoxicated. The
28 training must be provided before the individual first engages in the
29 sale of spirits and must be renewed at least every five years. The
30 licensee must maintain records documenting the nature and frequency of
31 the training provided. An employee training program is presumptively
32 sufficient if it incorporates a "responsible vendor program"
33 promulgated by the board.

34 (7) The maximum penalties prescribed by the board in WAC 314-29-020
35 through 314-29-040 relating to fines and suspensions are doubled for
36 violations relating to the sale of spirits by retail spirits licensees.

37 (8) (a) The board must promulgate regulations concerning the
38 adoption and administration of a compliance training program for

1 spirits retail licensees, to be known as a "responsible vendor
2 program," to reduce underage drinking, encourage licensees to adopt
3 specific best practices to prevent sales to minors, and provide
4 licensees with an incentive to give their employees on-going training
5 in responsible alcohol sales and service.

6 (b) Licensees who join the responsible vendor program under this
7 section and maintain all of the program's requirements are not subject
8 to the doubling of penalties provided in this section for a single
9 violation in any period of twelve calendar months.

10 (c) The responsible vendor program must be free, voluntary, and
11 self-monitoring.

12 (d) To participate in the responsible vendor program, licensees
13 must submit an application form to the board. If the application
14 establishes that the licensee meets the qualifications to join the
15 program, the board must send the licensee a membership certificate.

16 (e) A licensee participating in the responsible vendor program must
17 at a minimum:

18 (i) Provide on-going training to employees;

19 (ii) Accept only certain forms of identification for alcohol sales;

20 (iii) Adopt policies on alcohol sales and checking identification;

21 (iv) Post specific signs in the business; and

22 (v) Keep records verifying compliance with the program's
23 requirements.

24 **Sec. 104.** RCW 66.24.360 and 2011 c 119 s 203 are each amended to
25 read as follows:

26 (1) There ((shall be)) is a ((beer and/or wine retailer's license
27 to be designated as a)) grocery store license to sell wine and/or beer,
28 including without limitation strong beer((, and/or wine)) at retail in
29 ((bottles, cans, and)) original containers, not to be consumed upon the
30 premises where sold((, at any store other than the state liquor
31 stores)).

32 ((1)) (2) There is a wine retailer reseller endorsement of a
33 grocery store license, to sell wine at retail in original containers to
34 retailers licensed to sell wine for consumption on the premises, for
35 resale at their licensed premises according to the terms of the
36 license. However, no single sale may exceed twenty-four liters, unless
37 the sale is made by a licensee that was a contract liquor store manager

1 of a contract-operated liquor store at the location from which such
2 sales are made. For the purposes of this title, a grocery store
3 license is a retail license, and a sale by a grocery store licensee
4 with a reseller endorsement is a retail sale only if not for resale.

5 (3) Licensees obtaining a written endorsement from the board may
6 also sell malt liquor in kegs or other containers capable of holding
7 less than five and one-half gallons of liquid.

8 ~~((2))~~ (4) The annual fee for the grocery store license is one
9 hundred fifty dollars for each store.

10 ~~((3))~~ (5) The annual fee for the wine retailer reseller
11 endorsement is one hundred sixty-six dollars for each store.

12 (6) The board ~~((shall))~~ must issue a restricted grocery store
13 license authorizing the licensee to sell beer and only table wine, if
14 the board finds upon issuance or renewal of the license that the sale
15 of strong beer or fortified wine would be against the public interest.
16 In determining the public interest, the board ~~((shall))~~ must consider
17 at least the following factors:

18 (a) The likelihood that the applicant will sell strong beer or
19 fortified wine to persons who are intoxicated;

20 (b) Law enforcement problems in the vicinity of the applicant's
21 establishment that may arise from persons purchasing strong beer or
22 fortified wine at the establishment; and

23 (c) Whether the sale of strong beer or fortified wine would be
24 detrimental to or inconsistent with a government-operated or funded
25 alcohol treatment or detoxification program in the area.

26 If the board receives no evidence or objection that the sale of
27 strong beer or fortified wine would be against the public interest, it
28 ~~((shall))~~ must issue or renew the license without restriction, as
29 applicable. The burden of establishing that the sale of strong beer or
30 fortified wine by the licensee would be against the public interest is
31 on those persons objecting.

32 ~~((4))~~ (7) Licensees holding a grocery store license must maintain
33 a minimum three thousand dollar inventory of food products for human
34 consumption, not including pop, beer, strong beer, or wine.

35 ~~((5))~~ (8) A grocery store licensee with a wine retailer reseller
36 endorsement may accept delivery of wine at its licensed premises or at
37 one or more warehouse facilities registered with the board, which
38 facilities may also warehouse and distribute nonliquor items, and from

1 which it may deliver to its own licensed premises and, pursuant to
2 sales permitted by this title, to other licensed premises, to other
3 registered facilities, or to lawful purchasers outside the state.
4 Facilities may be registered and utilized by associations,
5 cooperatives, or comparable groups of grocery store licensees.

6 (9) Upon approval by the board, the grocery store licensee may also
7 receive an endorsement to permit the international export of beer,
8 strong beer, and wine.

9 (a) Any beer, strong beer, or wine sold under this endorsement must
10 have been purchased from a licensed beer or wine distributor licensed
11 to do business within the state of Washington.

12 (b) Any beer, strong beer, and wine sold under this endorsement
13 must be intended for consumption outside the state of Washington and
14 the United States and appropriate records must be maintained by the
15 licensee.

16 (c) Any beer, strong beer, or wine sold under this ~~((license))~~
17 endorsement must be sold at a price no less than the acquisition price
18 paid by the holder of the license.

19 (d) The annual cost of this endorsement is five hundred dollars and
20 is in addition to the license fees paid by the licensee for a grocery
21 store license.

22 ~~((+6))~~ (10) A grocery store licensee holding a snack bar license
23 under RCW 66.24.350 may receive an endorsement to allow the sale of
24 confections containing more than one percent but not more than ten
25 percent alcohol by weight to persons twenty-one years of age or older.

26 NEW SECTION. Sec. 105. A new section is added to chapter 66.24
27 RCW to read as follows:

28 (1) There is a license for spirits distributors to (a) sell spirits
29 purchased from manufacturers, distillers, or suppliers including,
30 without limitation, licensed Washington distilleries, licensed spirits
31 importers, other Washington spirits distributors, or suppliers of
32 foreign spirits located outside of the United States, to spirits
33 retailers including, without limitation, spirits retail licensees,
34 special occasion license holders, interstate common carrier license
35 holders, restaurant spirits retailer license holders, spirits, beer,
36 and wine private club license holders, hotel license holders, sports

1 entertainment facility license holders, and spirits, beer, and wine
2 nightclub license holders, and to other spirits distributors; and (b)
3 export the same from the state.

4 (2) By January 1, 2012, the board must issue spirits distributor
5 licenses to all applicants who, upon the effective date of this
6 section, have the right to purchase spirits from a spirits
7 manufacturer, spirits distiller, or other spirits supplier for resale
8 in the state, or are agents of such supplier authorized to sell to
9 licensees in the state, unless the board determines that issuance of a
10 license to such applicant is not in the public interest.

11 (3) (a) As limited by (b) of this subsection and subject to (c) of
12 this subsection, each spirits distributor licensee must pay to the
13 board for deposit into the liquor revolving fund, a license issuance
14 fee calculated as follows:

15 (i) In each of the first two years of licensure, ten percent of the
16 total revenue from all the licensee's sales of spirits made during the
17 year for which the fee is due, respectively; and

18 (ii) In the third year of licensure and each year thereafter, five
19 percent of the total revenue from all the licensee's sales of spirits
20 made during the year for which the fee is due, respectively.

21 (b) The fee required under this subsection (3) is calculated only
22 on sales of items which the licensee was the first spirits distributor
23 in the state to have received:

24 (i) In the case of spirits manufactured in the state, from the
25 distiller; or

26 (ii) In the case of spirits manufactured outside the state, from an
27 authorized out-of-state supplier.

28 (c) By March 31, 2013, all persons holding spirits distributor
29 licenses on or before March 31, 2013, must have paid collectively one
30 hundred fifty million dollars or more in spirits distributor license
31 fees. If the collective payment through March 31, 2013, totals less
32 than one hundred fifty million dollars, the board must, according to
33 rules adopted by the board for the purpose, collect by May 31, 2013, as
34 additional spirits distributor license fees the difference between one
35 hundred fifty million dollars and the actual receipts, allocated among
36 persons holding spirits distributor licenses at any time on or before
37 March 31, 2013, ratably according to their spirits sales made during
38 calendar year 2012. Any amount by which such payments exceed one

1 hundred fifty million dollars by March 31, 2013, must be credited to
2 future license issuance fee obligations of spirits distributor
3 licensees according to rules adopted by the board.

4 (d) A retail licensee selling for resale must pay a distributor
5 license fee under the terms and conditions in this section on resales
6 of spirits the licensee has purchased on which no other distributor
7 license fee has been paid. The board must establish rules setting
8 forth the frequency and timing of such payments and reporting of sales
9 dollar volume by the licensee, with payments due quarterly in arrears.

10 (e) No spirits inventory may be subject to calculation of more than
11 a single spirits distributor license issuance fee.

12 (4) In addition to the payment set forth in subsection (3) of this
13 section, each spirits distributor licensee renewing its annual license
14 must pay an annual license renewal fee of one thousand three hundred
15 twenty dollars for each licensed location.

16 (5) There is no minimum facility size or capacity for spirits
17 distributor licenses, and no limit on the number of such licenses
18 issued to qualified applicants. License applicants must provide
19 physical security of the product that is substantially as effective as
20 the physical security of the distribution facilities currently operated
21 by the board with respect to preventing pilferage. License issuances
22 and renewals are subject to RCW 66.24.010 and the regulations
23 promulgated thereunder, including without limitation rights of cities,
24 towns, county legislative authorities, the public, churches, schools,
25 and public institutions to object to or prevent issuance of local
26 liquor licenses. However, existing distributor premises licensed to
27 sell beer and/or wine are deemed to be premises "now licensed" under
28 RCW 66.24.010(9)(a) for the purpose of processing applications for
29 spirits distributor licenses.

30 **Sec. 106.** RCW 82.08.150 and 2009 c 479 s 65 are each amended to
31 read as follows:

32 (1) There is levied and (~~shall be~~) collected a tax upon each
33 retail sale of spirits in the original package at the rate of fifteen
34 percent of the selling price(~~(. The tax imposed in this subsection~~
35 ~~shall apply to all such sales including sales by the Washington state~~
36 ~~liquor stores and agencies, but excluding sales to spirits, beer, and~~
37 ~~wine restaurant licensees)).~~

1 (2) There is levied and (~~shall be~~) collected a tax upon each sale
2 of spirits in the original package at the rate of ten percent of the
3 selling price on sales by (~~Washington state liquor stores and agencies~~
4 ~~to spirits, beer, and wine restaurant licensees~~) a spirits distributor
5 licensee or other licensee acting as a spirits distributor pursuant to
6 Title 66 RCW to restaurant spirits retailers.

7 (3) There is levied and (~~shall be~~) collected an additional tax
8 upon each (~~retail~~) sale of spirits in the original package by a
9 spirits distributor licensee or other licensee acting as a spirits
10 distributor pursuant to Title 66 RCW to a restaurant spirits retailer
11 and upon each retail sale of spirits in the original package by a
12 licensee of the board at the rate of one dollar and seventy-two cents
13 per liter. (~~The additional tax imposed in this subsection shall apply~~
14 ~~to all such sales including sales by Washington state liquor stores and~~
15 ~~agencies, and including sales to spirits, beer, and wine restaurant~~
16 ~~licensees.~~)

17 (4) An additional tax is imposed equal to fourteen percent
18 multiplied by the taxes payable under subsections (1), (2), and (3) of
19 this section.

20 (5) An additional tax is imposed upon each (~~retail~~) sale of
21 spirits in the original package by a spirits distributor licensee or
22 other licensee acting as a spirits distributor pursuant to Title 66 RCW
23 to a restaurant spirits retailer and upon each retail sale of spirits
24 in the original package by a licensee of the board at the rate of seven
25 cents per liter. (~~The additional tax imposed in this subsection shall~~
26 ~~apply to all such sales including sales by Washington state liquor~~
27 ~~stores and agencies, and including sales to spirits, beer, and wine~~
28 ~~restaurant licensees.~~) All revenues collected during any month from
29 this additional tax (~~shall~~) must be deposited in the state general
30 fund by the twenty-fifth day of the following month.

31 (6) (a) An additional tax is imposed upon retail sale of spirits in
32 the original package at the rate of (~~one and seven-tenths percent of~~
33 ~~the selling price through June 30, 1995, two and six-tenths percent of~~
34 ~~the selling price for the period July 1, 1995, through June 30, 1997,~~
35 ~~and~~) three and four-tenths percent of the selling price (~~thereafter.~~
36 ~~This additional tax applies to all such sales including sales by~~
37 ~~Washington state liquor stores and agencies, but excluding sales to~~
38 ~~spirits, beer, and wine restaurant licensees~~).

1 (b) An additional tax is imposed upon retail sale of spirits in the
2 original package to a restaurant spirits retailer at the rate of (~~one~~
3 ~~and one-tenth percent of the selling price through June 30, 1995, one~~
4 ~~and seven-tenths percent of the selling price for the period July 1,~~
5 ~~1995, through June 30, 1997, and)) two and three-tenths percent of the
6 selling price (~~thereafter. This additional tax applies to all such~~
7 ~~sales to spirits, beer, and wine restaurant licensees)).~~~~

8 (c) An additional tax is imposed upon each (~~retail~~) sale of
9 spirits in the original package by a spirits distributor licensee or
10 other licensee acting as a spirits distributor pursuant to Title 66 RCW
11 to a restaurant spirits retailer and upon each retail sale of spirits
12 in the original package by a licensee of the board at the rate of
13 (~~twenty cents per liter through June 30, 1995, thirty cents per liter~~
14 ~~for the period July 1, 1995, through June 30, 1997, and)) forty-one
15 cents per liter (~~thereafter. This additional tax applies to all such~~
16 ~~sales including sales by Washington state liquor stores and agencies,~~
17 ~~and including sales to spirits, beer, and wine restaurant licensees)).~~~~

18 (d) All revenues collected during any month from additional taxes
19 under this subsection (~~shall~~) must be deposited in the state general
20 fund by the twenty-fifth day of the following month.

21 (7) (a) An additional tax is imposed upon each retail sale of
22 spirits in the original package at the rate of one dollar and thirty-
23 three cents per liter. (~~This additional tax applies to all such sales~~
24 ~~including sales by Washington state liquor stores and agencies, but~~
25 ~~excluding sales to spirits, beer, and wine restaurant licensees.))~~

26 (b) All revenues collected during any month from additional taxes
27 under this subsection (~~shall~~) must be deposited by the twenty-fifth
28 day of the following month into the general fund.

29 (8) The tax imposed in RCW 82.08.020 (~~shall~~) does not apply to
30 sales of spirits in the original package.

31 (9) The taxes imposed in this section (~~shall~~) must be paid by the
32 buyer to the seller, and each seller (~~shall~~) must collect from the
33 buyer the full amount of the tax payable in respect to each taxable
34 sale under this section. The taxes required by this section to be
35 collected by the seller (~~shall~~) must be stated separately from the
36 selling price, and for purposes of determining the tax due from the
37 buyer to the seller, it (~~shall be~~) is conclusively presumed that the
38 selling price quoted in any price list does not include the taxes

1 imposed by this section. Sellers must report and return all taxes
2 imposed in this section in accordance with rules adopted by the
3 department.

4 (10) As used in this section, the terms, "spirits" and "package"
5 (~~shall~~) have the same meaning (~~ascribed to them~~) as provided in
6 chapter 66.04 RCW.

7 **Sec. 107.** RCW 66.08.050 and 2011 c 186 s 2 are each amended to
8 read as follows:

9 The board, subject to the provisions of this title and the rules,
10 (~~shall~~) must:

11 (1) (~~Determine the localities within which state liquor stores~~
12 ~~shall be established throughout the state, and the number and situation~~
13 ~~of the stores within each locality;~~

14 ~~— (2) Appoint in cities and towns and other communities, in which no~~
15 ~~state liquor store is located, contract liquor stores. In addition,~~
16 ~~the board may appoint, in its discretion, a manufacturer that also~~
17 ~~manufactures liquor products other than wine under a license under this~~
18 ~~title, as a contract liquor store for the purpose of sale of liquor~~
19 ~~products of its own manufacture on the licensed premises only. Such~~
20 ~~contract liquor stores shall be authorized to sell liquor under the~~
21 ~~guidelines provided by law, rule, or contract, and such contract liquor~~
22 ~~stores shall be subject to such additional rules and regulations~~
23 ~~consistent with this title as the board may require. Sampling on~~
24 ~~contract store premises is permitted under this act;~~

25 ~~— (3) Establish all necessary warehouses for the storing and~~
26 ~~bottling, diluting and rectifying of stocks of liquors for the purposes~~
27 ~~of this title;~~

28 ~~— (4) Provide for the leasing for periods not to exceed ten years of~~
29 ~~all premises required for the conduct of the business; and for~~
30 ~~remodeling the same, and the procuring of their furnishings, fixtures,~~
31 ~~and supplies; and for obtaining options of renewal of such leases by~~
32 ~~the lessee. The terms of such leases in all other respects shall be~~
33 ~~subject to the direction of the board;~~

34 ~~— (5)) Determine the nature, form and capacity of all packages to be~~
35 ~~used for containing liquor kept for sale under this title;~~

36 (~~(6))~~) (2) Execute or cause to be executed, all contracts, papers,

1 and documents in the name of the board, under such regulations as the
2 board may fix;

3 ~~((7))~~ (3) Pay all customs, duties, excises, charges and
4 obligations whatsoever relating to the business of the board;

5 ~~((8))~~ (4) Require bonds from all employees in the discretion of
6 the board, and to determine the amount of fidelity bond of each such
7 employee;

8 ~~((9))~~ (5) Perform services for the state lottery commission to
9 such extent, and for such compensation, as may be mutually agreed upon
10 between the board and the commission;

11 ~~((10))~~ (6) Accept and deposit into the general fund-local account
12 and disburse, subject to appropriation, federal grants or other funds
13 or donations from any source for the purpose of improving public
14 awareness of the health risks associated with alcohol consumption by
15 youth and the abuse of alcohol by adults in Washington state. The
16 board's alcohol awareness program (~~shall~~) must cooperate with federal
17 and state agencies, interested organizations, and individuals to effect
18 an active public beverage alcohol awareness program;

19 ~~((11))~~ (7) Perform all other matters and things, whether similar
20 to the foregoing or not, to carry out the provisions of this title, and
21 (~~shall have~~) has full power to do each and every act necessary to the
22 conduct of its (~~business, including all buying, selling, preparation~~
23 ~~and approval of forms, and every other function of the business~~
24 ~~whatsoever, subject only to audit by the state auditor: PROVIDED, That~~
25 ~~the board shall have~~) regulatory functions, including all supplies
26 procurement, preparation and approval of forms, and every other
27 undertaking necessary to perform its regulatory functions whatsoever,
28 subject only to audit by the state auditor. However, the board has no
29 authority to regulate the content of spoken language on licensed
30 premises where wine and other liquors are served and where there is not
31 a clear and present danger of disorderly conduct being provoked by such
32 language or to restrict advertising of lawful prices.

33 **Sec. 108.** RCW 66.08.060 and 2005 c 231 s 3 are each amended to
34 read as follows:

35 ~~((1) The board shall not advertise liquor in any form or through~~
36 ~~any medium whatsoever.~~

1 ~~(2) In store liquor merchandising is not advertising for the~~
2 ~~purposes of this section.~~

3 ~~(3))~~ The board (~~shall have~~) has power to adopt any and all
4 reasonable rules as to the kind, character, and location of advertising
5 of liquor.

6 **Sec. 109.** RCW 66.20.010 and 2011 c 119 s 213 are each amended to
7 read as follows:

8 Upon application in the prescribed form being made to any employee
9 authorized by the board to issue permits, accompanied by payment of the
10 prescribed fee, and upon the employee being satisfied that the
11 applicant should be granted a permit under this title, the employee
12 (~~shall~~) must issue to the applicant under such regulations and at
13 such fee as may be prescribed by the board a permit of the class
14 applied for, as follows:

15 (1) Where the application is for a special permit by a physician or
16 dentist, or by any person in charge of an institution regularly
17 conducted as a hospital or sanitorium for the care of persons in ill
18 health, or as a home devoted exclusively to the care of aged people, a
19 special liquor purchase permit, except that the governor may waive the
20 requirement for a special liquor purchase permit under this subsection
21 pursuant to an order issued under RCW 43.06.220(2);

22 (2) Where the application is for a special permit by a person
23 engaged within the state in mechanical or manufacturing business or in
24 scientific pursuits requiring alcohol for use therein, or by any
25 private individual, a special permit to purchase alcohol for the
26 purpose named in the permit, except that the governor may waive the
27 requirement for a special liquor purchase permit under this subsection
28 pursuant to an order issued under RCW 43.06.220(2);

29 (3) Where the application is for a special permit to consume liquor
30 at a banquet, at a specified date and place, a special permit to
31 purchase liquor for consumption at such banquet, to such applicants as
32 may be fixed by the board;

33 (4) Where the application is for a special permit to consume liquor
34 on the premises of a business not licensed under this title, a special
35 permit to purchase liquor for consumption thereon for such periods of
36 time and to such applicants as may be fixed by the board;

1 (5) Where the application is for a special permit by a manufacturer
2 to import or purchase within the state alcohol, malt, and other
3 materials containing alcohol to be used in the manufacture of liquor,
4 or other products, a special permit;

5 (6) Where the application is for a special permit by a person
6 operating a drug store to purchase liquor at retail prices only, to be
7 thereafter sold by such person on the prescription of a physician, a
8 special liquor purchase permit, except that the governor may waive the
9 requirement for a special liquor purchase permit under this subsection
10 pursuant to an order issued under RCW 43.06.220(2);

11 (7) Where the application is for a special permit by an authorized
12 representative of a military installation operated by or for any of the
13 armed forces within the geographical boundaries of the state of
14 Washington, a special permit to purchase liquor for use on such
15 military installation (~~at prices to be fixed by the board~~);

16 (8) Where the application is for a special permit by a vendor that
17 manufactures or sells a product which cannot be effectively presented
18 to potential buyers without serving it with liquor or by a
19 manufacturer, importer, or distributor, or representative thereof, to
20 serve liquor without charge to delegates and guests at a convention of
21 a trade association composed of licensees of the board, when the said
22 liquor is served in a hospitality room or from a booth in a board-
23 approved suppliers' display room at the convention, and when the liquor
24 so served is for consumption in the said hospitality room or display
25 room during the convention, anything in this title (~~66 RCW~~) to the
26 contrary notwithstanding. Any such spirituous liquor (~~shall~~) must be
27 purchased from (~~the board or a spirits, beer, and wine restaurant~~
28 ~~licensee~~) a spirits retailer or distributor, and any such (~~beer and~~
29 ~~wine shall be~~) liquor is subject to the taxes imposed by RCW 66.24.290
30 and 66.24.210;

31 (9) Where the application is for a special permit by a
32 manufacturer, importer, or distributor, or representative thereof, to
33 donate liquor for a reception, breakfast, luncheon, or dinner for
34 delegates and guests at a convention of a trade association composed of
35 licensees of the board, when the liquor so donated is for consumption
36 at the said reception, breakfast, luncheon, or dinner during the
37 convention, anything in this title (~~66 RCW~~) to the contrary
38 notwithstanding. Any such spirituous liquor (~~shall~~) must be

1 purchased from (~~the board or a spirits, beer, and wine restaurant~~
2 ~~licensee~~) a spirits retailer or distributor, and any such (~~beer and~~
3 ~~wine shall be~~) liquor is subject to the taxes imposed by RCW 66.24.290
4 and 66.24.210;

5 (10) Where the application is for a special permit by a
6 manufacturer, importer, or distributor, or representative thereof, to
7 donate and/or serve liquor without charge to delegates and guests at an
8 international trade fair, show, or exposition held under the auspices
9 of a federal, state, or local governmental entity or organized and
10 promoted by a nonprofit organization, anything in this title (~~66 RCW~~)
11 to the contrary notwithstanding. Any such spirituous liquor (~~shall~~)
12 must be purchased from (~~the board~~) a liquor spirits retailer or
13 distributor, and any such (~~beer or wine shall be~~) liquor is subject
14 to the taxes imposed by RCW 66.24.290 and 66.24.210;

15 (11) Where the application is for an annual special permit by a
16 person operating a bed and breakfast lodging facility to donate or
17 serve wine or beer without charge to overnight guests of the facility
18 if the wine or beer is for consumption on the premises of the facility.
19 "Bed and breakfast lodging facility," as used in this subsection, means
20 a facility offering from one to eight lodging units and breakfast to
21 travelers and guests.

22 **Sec. 110.** RCW 66.20.160 and 2005 c 151 s 8 are each amended to
23 read as follows:

24 (~~Words and phrases~~) As used in RCW 66.20.160 (~~to~~) through
25 66.20.210, inclusive, (~~shall have the following meaning:~~
26 ~~"Card of identification" means any one of those cards described in~~
27 ~~RCW 66.16.040.)~~)

28 "licensee" means the holder of a retail liquor license issued by
29 the board, and includes any employee or agent of the licensee.

30 (~~"Store employee" means a person employed in a state liquor store~~
31 ~~to sell liquor.~~)

32 **Sec. 111.** RCW 66.24.310 and 2011 c 119 s 301 are each amended to
33 read as follows:

34 (1) (a) Except as provided in (b) of this subsection, no person
35 (~~shall~~) may canvass for, solicit, receive, or take orders for the
36 purchase or sale of liquor, nor contact any licensees of the board in

1 goodwill activities, unless (~~(such person shall be the accredited~~
2 ~~representative of a person, firm, or corporation holding a certificate~~
3 ~~of approval issued pursuant to RCW 66.24.270 or 66.24.206, a beer~~
4 ~~distributor's license, a microbrewer's license, a domestic brewer's~~
5 ~~license, a beer importer's license, a domestic winery license, a wine~~
6 ~~importer's license, or a wine distributor's license within the state of~~
7 ~~Washington, or the accredited representative of a distiller,~~
8 ~~manufacturer, importer, or distributor of spirituous liquor, or foreign~~
9 ~~produced beer or wine, and shall have)) the person is the
10 representative of a licensee or certificate holder authorized by this
11 title to sell liquor for resale in the state and has applied for and
12 received a representative's license.~~

13 (b) (a) of this subsection (~~(shall)~~) does not apply to: (i)
14 Drivers who deliver spirits, beer, or wine; or (ii) domestic wineries
15 or their employees.

16 (2) Every representative's license issued under this title (~~(shall~~
17 ~~be)~~) is subject to all conditions and restrictions imposed by this
18 title or by the rules and regulations of the board; the board, for the
19 purpose of maintaining an orderly market, may limit the number of
20 representative's licenses issued for representation of specific classes
21 of eligible employers.

22 (3) Every application for a representative's license must be
23 approved by a holder of a certificate of approval (~~(issued pursuant to~~
24 ~~RCW 66.24.270 or 66.24.206)~~), a licensed beer distributor, a licensed
25 domestic brewer, a licensed beer importer, a licensed microbrewer, a
26 licensed domestic winery, a licensed wine importer, a licensed wine
27 distributor, or by a distiller, manufacturer, importer, or distributor
28 of (~~(spirituous liquor)~~) spirits, or of foreign-produced beer or wine,
29 as required by the rules and regulations of the board (~~(shall~~
30 ~~require)~~).

31 (4) The fee for a representative's license (~~(shall be)~~) is twenty-
32 five dollars per year.

33 (~~(5) An accredited representative of a distiller, manufacturer,~~
34 ~~importer, or distributor of spirituous liquor may, after he or she has~~
35 ~~applied for and received a representative's license, contact retail~~
36 ~~licensees of the board only in goodwill activities pertaining to~~
37 ~~spirituous liquor products.)~~)

1 **Sec. 112.** RCW 66.24.380 and 2005 c 151 s 10 are each amended to
2 read as follows:

3 There (~~(shall be)~~) is a retailer's license to be designated as a
4 special occasion license to be issued to a not-for-profit society or
5 organization to sell spirits, beer, and wine by the individual serving
6 for on-premises consumption at a specified event, such as at picnics or
7 other special occasions, at a specified date and place; fee sixty
8 dollars per day.

9 (1) The not-for-profit society or organization is limited to sales
10 of no more than twelve calendar days per year. For the purposes of
11 this subsection, special occasion licensees that are "agricultural area
12 fairs" or "agricultural county, district, and area fairs," as defined
13 by RCW 15.76.120, that receive a special occasion license may, once per
14 calendar year, count as one event fairs that last multiple days, so
15 long as alcohol sales are at set dates, times, and locations, and the
16 board receives prior notification of the dates, times, and locations.
17 The special occasion license applicant will pay the sixty dollars per
18 day for this event.

19 (2) The licensee may sell spirits, beer, and/or wine in original,
20 unopened containers for off-premises consumption if permission is
21 obtained from the board prior to the event.

22 (3) Sale, service, and consumption of spirits, beer, and wine is to
23 be confined to specified premises or designated areas only.

24 (4) (~~(Spirituuous)~~) Liquor sold under this special occasion license
25 must be purchased (~~(at a state liquor store or contract liquor store~~
26 ~~without discount at retail prices, including all taxes)~~) from a
27 licensee of the board.

28 (5) Any violation of this section is a class 1 civil infraction
29 having a maximum penalty of two hundred fifty dollars as provided for
30 in chapter 7.80 RCW.

31 **Sec. 113.** RCW 66.28.030 and 2004 c 160 s 10 are each amended to
32 read as follows:

33 Every domestic distillery, brewery, and microbrewery, domestic
34 winery, certificate of approval holder, licensed liquor importer,
35 licensed wine importer, and licensed beer importer (~~(shall be)~~) is
36 responsible for the conduct of any licensed spirits, beer, or wine
37 distributor in selling, or contracting to sell, to retail licensees,

1 spirits, beer, or wine manufactured by such domestic distillery,
2 brewery, microbrewery, domestic winery, manufacturer holding a
3 certificate of approval, sold by an authorized representative holding
4 a certificate of approval, or imported by such liquor, beer, or wine
5 importer. Where the board finds that any licensed spirits, beer, or
6 wine distributor has violated any of the provisions of this title or of
7 the regulations of the board in selling or contracting to sell spirits,
8 beer, or wine to retail licensees, the board may, in addition to any
9 punishment inflicted or imposed upon such distributor, prohibit the
10 sale of the brand or brands of spirits, beer, or wine involved in such
11 violation to any or all retail licensees within the trade territory
12 usually served by such distributor for such period of time as the board
13 may fix, irrespective of whether the distiller manufacturing such
14 spirits or the liquor importer importing such spirits, brewer
15 manufacturing such beer or the beer importer importing such beer, or
16 the domestic winery manufacturing such wine or the wine importer
17 importing such wine or the certificate of approval holder manufacturing
18 such spirits, beer, or wine or acting as authorized representative
19 actually participated in such violation.

20 **Sec. 114.** RCW 66.24.540 and 1999 c 129 s 1 are each amended to
21 read as follows:

22 (1) There (~~(shall be)~~) is a retailer's license to be designated as
23 a motel license. The motel license may be issued to a motel regardless
24 of whether it holds any other class of license under this title. No
25 license may be issued to a motel offering rooms to its guests on an
26 hourly basis. The license authorizes the licensee to:

27 (~~(1)~~) (a) Sell, at retail, in locked honor bars, spirits in
28 individual bottles not to exceed fifty milliliters, beer in individual
29 cans or bottles not to exceed twelve ounces, and wine in individual
30 bottles not to exceed one hundred eighty-seven milliliters, to
31 registered guests of the motel for consumption in guest rooms.

32 (~~(a)~~) (i) Each honor bar must also contain snack foods. No more
33 than one-half of the guest rooms may have honor bars.

34 (~~(b)~~) (ii) All spirits to be sold under the license must be
35 purchased from a spirits retailer or a spirits distributor licensee of
36 the board.

1 ~~((c))~~ (iii) The licensee ~~((shall))~~ must require proof of age from
2 the guest renting a guest room and requesting the use of an honor bar.
3 The guest ~~((shall))~~ must also execute an affidavit verifying that no
4 one under twenty-one years of age ~~((shall have))~~ has access to the
5 spirits, beer, and wine in the honor bar.

6 ~~((2))~~ (b) Provide without additional charge, to overnight guests
7 of the motel, spirits, beer, and wine by the individual serving for on-
8 premises consumption at a specified regular date, time, and place as
9 may be fixed by the board. Self-service by attendees is prohibited.
10 All spirits, beer, and wine service must be done by an alcohol server
11 as defined in RCW 66.20.300 and comply with RCW 66.20.310.

12 (2) The annual fee for a motel license is five hundred dollars.

13 (3) For the purposes of this section, "motel" ~~((as used in this~~
14 ~~section))~~ means a transient accommodation licensed under chapter 70.62
15 RCW.

16 ~~((As used in this section, "spirits," "beer," and "wine" have the~~
17 ~~meanings defined in RCW 66.04.010.))~~

18 **Sec. 115.** RCW 66.24.590 and 2011 c 119 s 403 are each amended to
19 read as follows:

20 (1) There ~~((shall be))~~ is a retailer's license to be designated as
21 a hotel license. No license may be issued to a hotel offering rooms to
22 its guests on an hourly basis. Food service provided for room service,
23 banquets or conferences, or restaurant operation under this license
24 ~~((shall))~~ must meet the requirements of rules adopted by the board.

25 (2) The hotel license authorizes the licensee to:

26 (a) Sell spirituous liquor, beer, and wine, by the individual
27 glass, at retail, for consumption on the premises, including mixed
28 drinks and cocktails compounded and mixed on the premises;

29 (b) Sell, at retail, from locked honor bars, in individual units,
30 spirits not to exceed fifty milliliters, beer in individual units not
31 to exceed twelve ounces, and wine in individual bottles not to exceed
32 three hundred eighty-five milliliters, to registered guests of the
33 hotel for consumption in guest rooms. The licensee ~~((shall))~~ must
34 require proof of age from the guest renting a guest room and requesting
35 the use of an honor bar. The guest ~~((shall))~~ must also execute an
36 affidavit verifying that no one under twenty-one years of age ~~((shall))~~
37 will have access to the spirits, beer, and wine in the honor bar;

1 (c) Provide without additional charge, to overnight guests,
2 spirits, beer, and wine by the individual serving for on-premises
3 consumption at a specified regular date, time, and place as may be
4 fixed by the board. Self-service by attendees is prohibited;

5 (d) Sell beer, including strong beer, wine, or spirits, in the
6 manufacturer's sealed container or by the individual drink to guests
7 through room service, or through service to occupants of private
8 residential units which are part of the buildings or complex of
9 buildings that include the hotel;

10 (e) Sell beer, including strong beer, spirits, or wine, in the
11 manufacturer's sealed container at retail sales locations within the
12 hotel premises;

13 (f) Sell beer to a purchaser in a sanitary container brought to the
14 premises by the purchaser or furnished by the licensee and filled at
15 the tap in the restaurant area by the licensee at the time of sale;

16 (g) Sell for on or off-premises consumption, including through room
17 service and service to occupants of private residential units managed
18 by the hotel, wine carrying a label exclusive to the hotel license
19 holder;

20 (h) Place in guest rooms at check-in, a complimentary bottle of
21 (~~beer, including strong beer, or wine~~) liquor in a manufacturer-
22 sealed container, and make a reference to this service in promotional
23 material.

24 (3) If all or any facilities for alcoholic beverage service and the
25 preparation, cooking, and serving of food are operated under contract
26 or joint venture agreement, the operator may hold a license separate
27 from the license held by the operator of the hotel. Food and beverage
28 inventory used in separate licensed operations at the hotel may not be
29 shared and (~~shall~~) must be separately owned and stored by the
30 separate licensees.

31 (4) All spirits to be sold under this license must be purchased
32 from a spirits retailer or spirits distributor licensee of the board.

33 (5) All on-premise alcoholic beverage service must be done by an
34 alcohol server as defined in RCW 66.20.300 and must comply with RCW
35 66.20.310.

36 (6) (a) The hotel license allows the licensee to remove from the
37 liquor stocks at the licensed premises, liquor for sale and service at
38 event locations at a specified date and place not currently licensed by

1 the board. If the event is open to the public, it must be sponsored by
2 a society or organization as defined by RCW 66.24.375. If attendance
3 at the event is limited to members or invited guests of the sponsoring
4 individual, society, or organization, the requirement that the sponsor
5 must be a society or organization as defined by RCW 66.24.375 is
6 waived.

7 (b) The holder of this license (~~(shall)~~) must, if requested by the
8 board, notify the board or its designee of the date, time, place, and
9 location of any event. Upon request, the licensee (~~(shall)~~) must
10 provide to the board all necessary or requested information concerning
11 the society or organization that will be holding the function at which
12 the endorsed license will be utilized.

13 (c) Licensees may cater events on a domestic winery, brewery, or
14 distillery premises.

15 (7) The holder of this license or its manager may furnish spirits,
16 beer, or wine to the licensee's employees who are twenty-one years of
17 age or older free of charge as may be required for use in connection
18 with instruction on spirits, beer, and wine. The instruction may
19 include the history, nature, values, and characteristics of spirits,
20 beer, or wine, the use of wine lists, and the methods of presenting,
21 serving, storing, and handling spirits, beer, or wine. The licensee
22 must use the (~~(beer or wine)~~) liquor it obtains under its license for
23 the sampling as part of the instruction. The instruction must be given
24 on the premises of the licensee.

25 (8) Minors may be allowed in all areas of the hotel where
26 (~~(alcohol)~~) liquor may be consumed; however, the consumption must be
27 incidental to the primary use of the area. These areas include, but
28 are not limited to, tennis courts, hotel lobbies, and swimming pool
29 areas. If an area is not a mixed use area, and is primarily used for
30 alcohol service, the area must be designated and restricted to access
31 by (~~(minors)~~) persons of lawful age to purchase liquor.

32 (9) The annual fee for this license is two thousand dollars.

33 (10) As used in this section, "hotel," "spirits," "beer," and
34 "wine" have the meanings defined in RCW 66.24.410 and 66.04.010.

35 **Sec. 116.** RCW 66.28.040 and 2011 c 186 s 4, 2011 c 119 s 207, and
36 2011 c 62 s 4 are each reenacted and amended to read as follows:

37 Except as permitted by the board under RCW 66.20.010, no domestic

1 brewery, microbrewery, distributor, distiller, domestic winery,
2 importer, rectifier, certificate of approval holder, or other
3 manufacturer of liquor (~~(shall)~~) may, within the state of Washington,
4 give to any person any liquor; but nothing in this section nor in RCW
5 66.28.305 prevents a domestic brewery, microbrewery, distributor,
6 domestic winery, distiller, certificate of approval holder, or importer
7 from furnishing samples of beer, wine, or spirituous liquor to
8 authorized licensees for the purpose of negotiating a sale, in
9 accordance with regulations adopted by the liquor control board,
10 provided that the samples are subject to taxes imposed by RCW 66.24.290
11 and 66.24.210 (~~(, and in the case of spirituous liquor, any product used~~
12 ~~for samples must be purchased at retail from the board; nothing in this~~
13 ~~section shall prevent the furnishing of samples of liquor to the board~~
14 ~~for the purpose of negotiating the sale of liquor to the state liquor~~
15 ~~control board)); nothing in this section (~~(shall)~~) prevents a domestic
16 brewery, microbrewery, domestic winery, distillery, certificate of
17 approval holder, or distributor from furnishing beer, wine, or
18 spirituous liquor for instructional purposes under RCW 66.28.150;
19 nothing in this section (~~(shall)~~) prevents a domestic winery,
20 certificate of approval holder, or distributor from furnishing wine
21 without charge, subject to the taxes imposed by RCW 66.24.210, to a
22 not-for-profit group organized and operated solely for the purpose of
23 enology or the study of viticulture which has been in existence for at
24 least six months and that uses wine so furnished solely for such
25 educational purposes or a domestic winery, or an out-of-state
26 certificate of approval holder, from furnishing wine without charge or
27 a domestic brewery, or an out-of-state certificate of approval holder,
28 from furnishing beer without charge, subject to the taxes imposed by
29 RCW 66.24.210 or 66.24.290, or a domestic distiller licensed under RCW
30 66.24.140 or an accredited representative of a distiller, manufacturer,
31 importer, or distributor of spirituous liquor licensed under RCW
32 66.24.310, from furnishing spirits without charge, to a nonprofit
33 charitable corporation or association exempt from taxation under
34 (~~(section)~~) 26 U.S.C. Sec. 501(c)(3) or (6) of the internal revenue
35 code of 1986 (~~((26 U.S.C. Sec. 501(c)(3) or (6)))~~) for use consistent
36 with the purpose or purposes entitling it to such exemption; nothing in
37 this section (~~(shall)~~) prevents a domestic brewery or microbrewery from
38 serving beer without charge, on the brewery premises; nothing in this~~

1 section (~~shall~~) prevents donations of wine for the purposes of RCW
2 66.12.180; nothing in this section (~~shall~~) prevents a domestic winery
3 from serving wine without charge, on the winery premises; nothing in
4 this section (~~shall~~) prevents a craft distillery from serving spirits
5 without charge, on the distillery premises subject to RCW 66.24.145;
6 nothing in this section prohibits spirits sampling under chapter 186,
7 Laws of 2011; and nothing in this section (~~shall~~) prevents a winery
8 or microbrewery from serving samples at a farmers market under section
9 1, chapter 62, Laws of 2011.

10 **Sec. 117.** RCW 66.28.060 and 2008 c 94 s 7 are each amended to read
11 as follows:

12 Every distillery licensed under this title (~~shall~~) must make
13 monthly reports to the board pursuant to the regulations. (~~No such~~
14 ~~distillery shall make any sale of spirits within the state of~~
15 ~~Washington except to the board and as provided in RCW 66.24.145.~~)

16 **Sec. 118.** RCW 66.28.070 and 2006 c 302 s 8 are each amended to
17 read as follows:

18 (1) Except as provided in subsection (2) of this section, it
19 (~~shall be~~) is unlawful for any retail spirits, beer, or wine licensee
20 to purchase spirits, beer, or wine, except from a duly licensed
21 distributor, domestic winery, domestic brewer, or certificate of
22 approval holder with a direct shipment endorsement (~~, or the board~~).

23 (2) (a) A spirits, beer, or wine retailer (~~licensee~~) may purchase
24 spirits, beer, or wine:

25 (i) From a government agency (~~which~~) that has lawfully seized
26 (~~beer or wine from~~) liquor possessed by a licensed (~~beer~~)
27 distributor or (~~wine~~) retailer(~~, or~~);

28 (ii) From a board-authorized (~~retailer~~) manufacturer or
29 certificate holder authorized by this title to act as a distributor of
30 liquor(~~, or~~);

31 (iii) From a licensed retailer which has discontinued business if
32 the distributor has refused to accept spirits, beer, or wine from that
33 retailer for return and refund(~~. Beer and wine~~);

34 (iv) From a retailer whose license or license endorsement permits
35 resale to a retailer of wine and/or spirits for consumption on the

1 premises, if the purchasing retailer is authorized to sell such wine
2 and/or spirits.

3 (b) Goods purchased under this subsection ((shall)) (2) must meet
4 the quality standards set by ((its)) the manufacturer of the goods.

5 (3) Special occasion licensees holding a special occasion license
6 may only purchase spirits, beer, or wine from a spirits, beer, or wine
7 retailer duly licensed to sell spirits, beer, or wine for off-premises
8 consumption, ((the board,)) or from a duly licensed spirits, beer, or
9 wine distributor.

10 **Sec. 119.** RCW 66.28.170 and 2004 c 160 s 17 are each amended to
11 read as follows:

12 It is unlawful for a manufacturer of spirits, wine, or malt
13 beverages holding a certificate of approval ((issued under RCW
14 66.24.270 or 66.24.206)) or the manufacturer's authorized
15 representative, a distillery, brewery, or a domestic winery to
16 discriminate in price in selling to any purchaser for resale in the
17 state of Washington. Price differentials for sales of spirits or wine
18 based upon competitive conditions, costs of servicing a purchaser's
19 account, efficiencies in handling goods, or other bona fide business
20 factors, to the extent the differentials are not unlawful under trade
21 regulation laws applicable to goods of all kinds, do not violate this
22 section.

23 NEW SECTION. **Sec. 120.** A new section is added to chapter 66.28
24 RCW to read as follows:

25 (1) No price for spirits sold in the state by a distributor or
26 other licensee acting as a distributor pursuant to this title may be
27 below acquisition cost unless the item sold below acquisition cost has
28 been stocked by the seller for a period of at least six months. The
29 seller may not restock the item for a period of one year following the
30 first effective date of such below cost price.

31 (2) Spirits sold to retailers for resale for consumption on or off
32 the licensed premises may be delivered to the retailer's licensed
33 premises, to a location specified by the retailer and approved for
34 deliveries by the board, or to a carrier engaged by either party to the
35 transaction.

1 (3) In selling spirits to another retailer, to the extent
2 consistent with the purposes of this act, a spirits retail licensee
3 must comply with all provisions of and regulations under this title
4 applicable to wholesale distributors selling spirits to retailers.

5 (4) A distiller holding a license or certificate of compliance as
6 a distiller under this title may act as distributor in the state of
7 spirits of its own production or of foreign-produced spirits it is
8 entitled to import. The distiller must, to the extent consistent with
9 the purposes of this act, comply with all provisions of and regulations
10 under this title applicable to wholesale distributors selling spirits
11 to retailers.

12 (5) With respect to any alleged violation of this title by sale of
13 spirits at a discounted price, all defenses under applicable trade
14 regulation laws are available, including without limitation good faith
15 meeting of a competitor's lawful price and absence of harm to
16 competition.

17 (6) Notwithstanding any other provision of law, no licensee may
18 import, purchase, distribute, or accept delivery of any wine that is
19 produced outside of the United States or any distilled spirits without
20 the written consent of the brand owner or its authorized agent.

21 **Sec. 121.** RCW 66.28.180 and 2009 c 506 s 10 are each amended to
22 read as follows:

23 (1) Beer and/or wine distributors.

24 (a) Every beer (~~((or wine))~~) distributor (~~((shall))~~) must maintain at
25 its liquor-licensed location a price list showing the wholesale prices
26 at which any and all brands of beer (~~((and wine))~~) sold by (~~((such beer~~
27 ~~and/or wine))~~) the distributor (~~((shall be))~~) are sold to retailers within
28 the state.

29 (b) Each price list (~~((shall))~~) must set forth:

30 (i) All brands, types, packages, and containers of beer (~~((or wine))~~)
31 offered for sale by (~~((such beer and/or wine))~~) the distributor; and

32 (ii) The wholesale prices thereof to retail licensees, including
33 allowances, if any, for returned empty containers.

34 (c) No beer (~~((and/or wine))~~) distributor may sell or offer to sell
35 any package or container of beer (~~((or wine))~~) to any retail licensee at
36 a price differing from the price for such package or container as shown
37 in the price list, according to rules adopted by the board.

1 (d) Quantity discounts of sales prices of beer are prohibited. No
2 distributor's sale price of beer may be below the distributor's
3 acquisition cost.

4 (e) Distributor prices below acquisition cost on a "close-out" item
5 (~~shall be~~) are allowed if the item to be discontinued has been listed
6 for a period of at least six months, and upon the further condition
7 that the distributor who offers such a close-out price (~~shall~~) may
8 not restock the item for a period of one year following the first
9 effective date of such close-out price.

10 (f) Any beer (~~and/or wine~~) distributor (~~or employee authorized~~
11 ~~by the distributor employer~~) may sell beer (~~and/or wine~~) at the
12 distributor's listed prices to any annual or special occasion retail
13 licensee upon presentation to the distributor (~~or employee~~) at the
14 time of purchase or delivery of an original or facsimile license or a
15 special permit issued by the board to such licensee.

16 (g) Every annual or special occasion retail licensee, upon
17 purchasing any beer (~~and/or wine~~) from a distributor, (~~shall~~) must
18 immediately cause such beer (~~or wine~~) to be delivered to the licensed
19 premises, and the licensee (~~shall~~) may not thereafter permit such
20 beer to be disposed of in any manner except as authorized by the
21 license.

22 (h) Beer (~~and wine~~) sold as provided in this section (~~shall~~)
23 must be delivered by the distributor or an authorized employee either
24 to the retailer's licensed premises or directly to the retailer at the
25 distributor's licensed premises. When a (~~domestic winery,~~) brewery,
26 microbrewery, or certificate of approval holder with a direct shipping
27 endorsement is acting as a distributor of beer of its own production,
28 a licensed retailer may contract with a common carrier to obtain the
29 (~~product~~) beer directly from the (~~domestic winery,~~) brewery,
30 microbrewery, or certificate of approval holder with a direct shipping
31 endorsement. A distributor's prices to retail licensees (~~shall~~) for
32 beer must be the same at both such places of delivery. Wine sold to
33 retailers must be delivered to the retailer's licensed premises, to a
34 location specified by the retailer and approved for deliveries by the
35 board, or to a carrier engaged by either party to the transaction.

36 (2) Beer (~~and wine~~) suppliers' contracts and memoranda.

37 (a) Every domestic brewery, microbrewery, (~~domestic winery,~~)
38 certificate of approval holder, and beer and/or wine importer offering

1 beer (~~and/or wine~~) for sale to distributors within the state and any
2 beer (~~and/or wine~~) distributor who sells to other beer (~~and/or~~
3 ~~wine~~) distributors (~~shall~~) must maintain at its liquor-licensed
4 location a beer price list and a copy of every written contract and a
5 memorandum of every oral agreement which such brewery (~~or winery~~) may
6 have with any beer (~~or wine~~) distributor for the supply of beer,
7 which contracts or memoranda (~~shall~~) must contain:

8 (i) All advertising, sales and trade allowances, and incentive
9 programs; and

10 (ii) All commissions, bonuses or gifts, and any and all other
11 discounts or allowances.

12 (b) Whenever changed or modified, such revised contracts or
13 memoranda (~~shall~~) must also be maintained at its liquor licensed
14 location.

15 (c) Each price list (~~shall~~) must set forth all brands, types,
16 packages, and containers of beer (~~or wine~~) offered for sale by such
17 (~~licensed brewery or winery~~) supplier.

18 (d) Prices of a domestic brewery, microbrewery, (~~domestic~~
19 ~~winery,~~) or certificate of approval holder (~~shall~~) for beer must be
20 uniform prices to all distributors or retailers on a statewide basis
21 less bona fide allowances for freight differentials. Quantity
22 discounts of suppliers' prices for beer are prohibited. No price
23 (~~shall~~) may be below the supplier's acquisition(~~≠~~) or production
24 cost.

25 (e) A domestic brewery, microbrewery, (~~domestic winery,~~)
26 certificate of approval holder, (~~beer or wine~~) importer, or (~~beer or~~
27 ~~wine~~) distributor acting as a supplier to another distributor must
28 file (~~a distributor appointment~~) with the board a list of all
29 distributor licensees of the board to which it sells or offers to sell
30 beer.

31 (f) No domestic brewery, microbrewery, (~~domestic winery,~~) or
32 certificate of approval holder may sell or offer to sell any package or
33 container of beer (~~or wine~~) to any distributor at a price differing
34 from the price list for such package or container as shown in the price
35 list of the domestic brewery, microbrewery, (~~domestic winery,~~) or
36 certificate of approval holder and then in effect, according to rules
37 adopted by the board.

1 (3) In selling wine to another retailer, to the extent consistent
2 with the purposes of this act, a grocery store licensee with a reseller
3 endorsement must comply with all provisions of and regulations under
4 this title applicable to wholesale distributors selling wine to
5 retailers.

6 (4) With respect to any alleged violation of this title by sale of
7 wine at a discounted price, all defenses under applicable trade
8 regulation laws are available including, without limitation, good faith
9 meeting of a competitor's lawful price and absence of harm to
10 competition.

11 **Sec. 122.** RCW 66.28.190 and 2003 c 168 s 305 are each amended to
12 read as follows:

13 (~~RCW 66.28.010~~) (1) Any other provision of this title
14 notwithstanding, persons licensed under (~~RCW 66.24.200 as wine~~
15 distributors and persons licensed under RCW 66.24.250 as beer
16 distributors)) this title to sell liquor for resale may sell at
17 wholesale nonliquor food and food ingredients on thirty-day credit
18 terms to persons licensed as retailers under this title, but complete
19 and separate accounting records (~~shall~~) must be maintained on all
20 sales of nonliquor food and food ingredients to ensure that such
21 persons are in compliance with (~~RCW 66.28.010~~) this title.

22 (2) For the purpose of this section, "nonliquor food and food
23 ingredients" includes, without limitation, all food and food
24 ingredients for human consumption as defined in RCW 82.08.0293 as it
25 (~~exists~~) existed on July 1, 2004.

26 NEW SECTION. **Sec. 123.** A new section is added to chapter 66.28
27 RCW to read as follows:

28 A retailer authorized to sell wine may accept delivery of wine at
29 its licensed premises or at one or more warehouse facilities registered
30 with the board, which facilities may also warehouse and distribute
31 nonliquor items, and from which it may deliver to its own licensed
32 premises and, pursuant to sales permitted by this title, to other
33 licensed retailers, to other registered facilities, or to lawful
34 purchasers outside the state; such facilities may be registered and
35 utilized by associations, cooperatives, or comparable groups of
36 retailers including at least one retailer licensed to sell wine. A

1 restaurant retailer authorized to sell spirits may accept delivery of
2 spirits at its licensed premises or at one or more warehouse facilities
3 registered with the board, which facilities may also warehouse and
4 distribute nonliquor items, from which it may deliver to its own
5 licensed premises and, pursuant to sales permitted by this title, to
6 other licensed retailers, to other registered facilities, or to lawful
7 purchasers outside the state; such facilities may be registered and
8 utilized by associations, cooperatives, or comparable groups of
9 retailers including at least one restaurant retailer licensed to sell
10 spirits. Nothing in this section authorizes sales of spirits or wine
11 by a retailer holding only an on-sale privilege to another retailer.

12 **Sec. 124.** RCW 66.28.280 and 2009 c 506 s 1 are each amended to
13 read as follows:

14 ~~((The legislature recognizes that Washington's current three-tier~~
15 ~~system, where the functions of manufacturing, distributing, and~~
16 ~~retailing are distinct and the financial relationships and business~~
17 ~~transactions between entities in these tiers are regulated, is a~~
18 ~~valuable system for the distribution of beer and wine.)) The~~
19 legislature ((further)) recognizes that the historical total
20 prohibition on ownership of an interest in one tier by a person with an
21 ownership interest in another tier, as well as the historical
22 restriction on financial incentives and business relationships between
23 tiers, is unduly restrictive. The legislature finds the
24 ~~((modifications contained in chapter 506, Laws of 2009 are appropriate,~~
25 ~~because the modifications)) provisions of RCW 66.28.285 through
26 66.28.320 appropriate for all varieties of liquor, because they do not
27 ~~impermissibly interfere with ((the goals of orderly marketing of~~
28 ~~alcohol in the state, encouraging moderation in consumption of alcohol~~
29 ~~by the citizens of the state,)) protecting the public interest and~~
30 advancing public safety by preventing the use and consumption of
31 alcohol by minors and other abusive consumption, and promoting the
32 efficient collection of taxes by the state.~~

33 NEW SECTION. **Sec. 125.** A new section is added to chapter 66.04
34 RCW to read as follows:

35 In this title, unless the context otherwise requires:

1 (1) "Retailer" except as expressly defined by RCW 66.28.285(5) with
2 respect to its use in RCW 6.28280 through 66.28.315, means the holder
3 of a license or permit issued by the board authorizing sale of liquor
4 to consumers for consumption on and/or off the premises. With respect
5 to retailer licenses, "on-sale" refers to the license privilege of
6 selling for consumption upon the licensed premises.

7 (2) "Spirits distributor" means a person, other than a person who
8 holds only a retail license, who buys spirits from a domestic
9 distiller, manufacturer, supplier, spirits distributor, or spirits
10 importer, or who acquires foreign-produced spirits from a source
11 outside of the United States, for the purpose of reselling the same not
12 in violation of this title, or who represents such distiller as agent.

13 (3) "Spirits importer" means a person who buys distilled spirits
14 from a distiller outside the state of Washington and imports such
15 spirits into the state for sale or export.

16 PART II

17 LIQUOR CONTROL BOARD--DISCONTINUING RETAIL SALES--TECHNICAL CHANGES

18 **Sec. 201.** RCW 43.19.19054 and 1975-'76 2nd ex.s. c 21 s 7 are each
19 amended to read as follows:

20 The provisions of RCW 43.19.1905 (~~shall~~) do not apply to
21 materials, supplies, and equipment purchased for resale to other than
22 public agencies by state agencies, including educational institutions.
23 (~~In addition, RCW 43.19.1905 shall not apply to liquor purchased by~~
24 ~~the state for resale under the provisions of Title 66 RCW.~~)

25 **Sec. 202.** RCW 66.08.020 and 1933 ex.s. c 62 s 5 are each amended
26 to read as follows:

27 The administration of this title (~~, including the general control,~~
28 ~~management and supervision of all liquor stores, shall be~~) is vested
29 in the liquor control board, constituted under this title.

30 **Sec. 203.** RCW 66.08.026 and 2008 c 67 s 1 are each amended to read
31 as follows:

32 Administrative expenses of the board (~~shall~~) must be appropriated
33 and paid from the liquor revolving fund. These administrative expenses
34 (~~shall~~) include, but not be limited to: The salaries and expenses of

1 the board and its employees, (~~the cost of opening additional state~~
2 ~~liquor stores and warehouses,~~) legal services, pilot projects, annual
3 or other audits, and other general costs of conducting the business of
4 the board. The administrative expenses (~~shall~~) do not include
5 (~~costs of liquor and lottery tickets purchased, the cost of~~
6 ~~transportation and delivery to the point of distribution, the cost of~~
7 ~~operating, maintaining, relocating, and leasing state liquor stores and~~
8 ~~warehouses, other costs pertaining to the acquisition and receipt of~~
9 ~~liquor and lottery tickets, agency commissions for contract liquor~~
10 ~~stores, transaction fees associated with credit or debit card purchases~~
11 ~~for liquor in state liquor stores and in contract liquor stores~~
12 ~~pursuant to RCW 66.16.040 and 66.16.041, sales tax, and~~) those amounts
13 distributed pursuant to RCW 66.08.180, 66.08.190, 66.08.200, or
14 66.08.210 (~~and 66.08.220~~). Agency commissions for contract liquor
15 stores (~~shall~~) must be established by the liquor control board after
16 consultation with and approval by the director of the office of
17 financial management. All expenditures and payment of obligations
18 authorized by this section are subject to the allotment requirements of
19 chapter 43.88 RCW.

20 **Sec. 204.** RCW 66.08.030 and 2002 c 119 s 2 are each amended to
21 read as follows:

22 (~~(1) For the purpose of carrying into effect the provisions of~~
23 ~~this title according to their true intent or of supplying any~~
24 ~~deficiency therein, the board may make such regulations not~~
25 ~~inconsistent with the spirit of this title as are deemed necessary or~~
26 ~~advisable. All regulations so made shall be a public record and shall~~
27 ~~be filed in the office of the code reviser, and thereupon shall have~~
28 ~~the same force and effect as if incorporated in this title. Such~~
29 ~~regulations, together with a copy of this title, shall be published in~~
30 ~~pamphlets and shall be distributed as directed by the board.~~

31 ~~— (2) Without thereby limiting the generality of the provisions~~
32 ~~contained in subsection (1), it is declared that) The power of the
33 board to make regulations (~~in the manner set out in that subsection~~
34 ~~shall~~) under chapter 34.05 RCW extends to~~

35 (~~(a) regulating the equipment and management of stores and~~
36 ~~warehouses in which state liquor is sold or kept, and prescribing the~~

1 ~~books and records to be kept therein and the reports to be made thereon~~
2 ~~to the board;~~
3 ~~— (b))) .~~
4 (1) Prescribing the duties of the employees of the board, and
5 regulating their conduct in the discharge of their duties;
6 ~~((c) governing the purchase of liquor by the state and the~~
7 ~~furnishing of liquor to stores established under this title;~~
8 ~~— (d) determining the classes, varieties, and brands of liquor to be~~
9 ~~kept for sale at any store;~~
10 ~~— (e) prescribing, subject to RCW 66.16.080, the hours during which~~
11 ~~the state liquor stores shall be kept open for the sale of liquor;~~
12 ~~— (f) providing for the issuing and distributing of price lists~~
13 ~~showing the price to be paid by purchasers for each variety of liquor~~
14 ~~kept for sale under this title;~~
15 ~~— (g)))~~ (2) Prescribing an official seal and official labels and
16 stamps and determining the manner in which they ~~((shall))~~ must be
17 attached to every package of liquor sold or sealed under this title,
18 including the prescribing of different official seals or different
19 official labels for different classes of liquor;
20 ~~((h) providing for the payment by the board in whole or in part of~~
21 ~~the carrying charges on liquor shipped by freight or express;~~
22 ~~— (i)))~~ (3) Prescribing forms to be used for purposes of this title
23 or the regulations, and the terms and conditions to be contained in
24 permits and licenses issued under this title, and the qualifications
25 for receiving a permit or license issued under this title, including a
26 criminal history record information check. The board may submit the
27 criminal history record information check to the Washington state
28 patrol and to the identification division of the federal bureau of
29 investigation in order that these agencies may search their records for
30 prior arrests and convictions of the individual or individuals who
31 filled out the forms. The board ~~((shall))~~ must require fingerprinting
32 of any applicant whose criminal history record information check is
33 submitted to the federal bureau of investigation;
34 ~~((j)))~~ (4) Prescribing the fees payable in respect of permits and
35 licenses issued under this title for which no fees are prescribed in
36 this title, and prescribing the fees for anything done or permitted to
37 be done under the regulations;

1 ~~((k))~~ (5) Prescribing the kinds and quantities of liquor which
2 may be kept on hand by the holder of a special permit for the purposes
3 named in the permit, regulating the manner in which the same (~~shall~~
4 ~~be~~) is kept and disposed of, and providing for the inspection of the
5 same at any time at the instance of the board;

6 ~~((l))~~ (6) Regulating the sale of liquor kept by the holders of
7 licenses which entitle the holder to purchase and keep liquor for sale;

8 ~~((m))~~ (7) Prescribing the records of purchases or sales of
9 liquor kept by the holders of licenses, and the reports to be made
10 thereon to the board, and providing for inspection of the records so
11 kept;

12 ~~((n))~~ (8) Prescribing the kinds and quantities of liquor for
13 which a prescription may be given, and the number of prescriptions
14 which may be given to the same patient within a stated period;

15 ~~((o))~~ (9) Prescribing the manner of giving and serving notices
16 required by this title or the regulations, where not otherwise provided
17 for in this title;

18 ~~((p))~~ (10) Regulating premises in which liquor is kept for export
19 from the state, or from which liquor is exported, prescribing the books
20 and records to be kept therein and the reports to be made thereon to
21 the board, and providing for the inspection of the premises and the
22 books, records and the liquor so kept;

23 ~~((q))~~ (11) Prescribing the conditions and qualifications
24 requisite for the obtaining of club licenses and the books and records
25 to be kept and the returns to be made by clubs, prescribing the manner
26 of licensing clubs in any municipality or other locality, and providing
27 for the inspection of clubs;

28 ~~((r))~~ (12) Prescribing the conditions, accommodations, and
29 qualifications requisite for the obtaining of licenses to sell beer
30 (~~and~~), wines, and spirits, and regulating the sale of beer (~~and~~),
31 wines, and spirits thereunder;

32 ~~((s))~~ (13) Specifying and regulating the time and periods when,
33 and the manner, methods and means by which manufacturers (~~shall~~) must
34 deliver liquor within the state; and the time and periods when, and the
35 manner, methods and means by which liquor may lawfully be conveyed or
36 carried within the state;

37 ~~((t))~~ (14) Providing for the making of returns by brewers of
38 their sales of beer shipped within the state, or from the state,

1 showing the gross amount of such sales and providing for the inspection
2 of brewers' books and records, and for the checking of the accuracy of
3 any such returns;

4 ~~((+u))~~ (15) Providing for the making of returns by the wholesalers
5 of beer whose breweries are located beyond the boundaries of the state;

6 ~~((+v))~~ (16) Providing for the making of returns by any other
7 liquor manufacturers, showing the gross amount of liquor produced or
8 purchased, the amount sold within and exported from the state, and to
9 whom so sold or exported, and providing for the inspection of the
10 premises of any such liquor manufacturers, their books and records, and
11 for the checking of any such return;

12 ~~((+w))~~ (17) Providing for the giving of fidelity bonds by any or
13 all of the employees of the board(~~(: PROVIDED, That)~~). However, the
14 premiums therefor (~~(shall)~~) must be paid by the board;

15 ~~((+x))~~ (18) Providing for the shipment (~~(by mail or common~~
16 ~~carrier)~~) of liquor to any person holding a permit and residing in any
17 unit which has, by election pursuant to this title, prohibited the sale
18 of liquor therein;

19 ~~((+y))~~ (19) Prescribing methods of manufacture, conditions of
20 sanitation, standards of ingredients, quality and identity of alcoholic
21 beverages manufactured, sold, bottled, or handled by licensees and the
22 board; and conducting from time to time, in the interest of the public
23 health and general welfare, scientific studies and research relating to
24 alcoholic beverages and the use and effect thereof;

25 ~~((+z))~~ (20) Seizing, confiscating and destroying all alcoholic
26 beverages manufactured, sold or offered for sale within this state
27 which do not conform in all respects to the standards prescribed by
28 this title or the regulations of the board(~~(: PROVIDED,)~~). However,
29 nothing herein contained (~~(shall)~~) may be construed as authorizing the
30 liquor board to prescribe, alter, limit or in any way change the
31 present law as to the quantity or percentage of alcohol used in the
32 manufacturing of wine or other alcoholic beverages.

33 **Sec. 205.** RCW 66.24.145 and 2010 c 290 s 2 are each amended to
34 read as follows:

35 (1) Any craft distillery may sell spirits of its own production for
36 consumption off the premises, up to two liters per person per day.

37 ~~((Spirits sold under this subsection must be purchased from the board~~

1 ~~and sold at the retail price established by the board.))~~ A craft
2 distillery selling spirits under this subsection must comply with the
3 applicable laws and rules relating to retailers.

4 (2) Any craft distillery may contract distill spirits for, and sell
5 contract distilled spirits to, holders of distillers' or manufacturers'
6 licenses, including licenses issued under RCW 66.24.520, or for export.

7 (3) Any craft distillery licensed under this section may provide,
8 free of charge, one-half ounce or less samples of spirits of its own
9 production to persons on the premises of the distillery. The maximum
10 total per person per day is two ounces. Every person who participates
11 in any manner in the service of samples must obtain a class 12 alcohol
12 server permit. (~~Spirits used for samples must be purchased from the~~
13 ~~board.))~~

14 (4) The board (~~shall~~) must adopt rules to implement the alcohol
15 server permit requirement and may adopt additional rules to implement
16 this section.

17 (5) Distilling is an agricultural practice.

18 NEW SECTION. Sec. 206. A new section is added to chapter 66.24
19 RCW to read as follows:

20 Any distiller licensed under this title may act as a retailer
21 and/or distributor to retailers selling for consumption on or off the
22 licensed premises of spirits of its own production, and any
23 manufacturer, importer, or bottler of spirits holding a certificate of
24 approval may act as a distributor of spirits it is entitled to import
25 into the state under such certificate. The board must by rule provide
26 for issuance of certificates of approval to spirits suppliers. An
27 industry member operating as a distributor and/or retailer under this
28 section must comply with the applicable laws and rules relating to
29 distributors and/or retailers, except that an industry member operating
30 as a distributor under this section may maintain a warehouse off the
31 distillery premises for the distribution of spirits of its own
32 production to spirits retailers within the state, if the warehouse is
33 within the United States and has been approved by the board.

34 **Sec. 207.** RCW 66.24.160 and 1981 1st ex.s. c 5 s 30 are each
35 amended to read as follows:

36 A (~~liquor~~) spirits importer's license may be issued to any

1 qualified person, firm or corporation, entitling the holder thereof to
2 import into the state any liquor other than beer or wine; to store the
3 same within the state, and to sell and export the same from the state;
4 fee six hundred dollars per annum. Such (~~(liquor)~~) spirits importer's
5 license (~~(shall be)~~) is subject to all conditions and restrictions
6 imposed by this title or by the rules and regulations of the board, and
7 (~~(shall be)~~) is issued only upon such terms and conditions as may be
8 imposed by the board. (~~(No liquor importer's license shall be required~~
9 ~~in sales to the Washington state liquor control board.)~~)

10 **Sec. 208.** RCW 66.32.010 and 1955 c 39 s 3 are each amended to read
11 as follows:

12 (~~(Except as permitted by)~~) The board may, (~~(no liquor shall be kept~~
13 ~~or had by any person within this state unless the package in which the~~
14 ~~liquor was contained had, while containing that liquor, been)~~) to the
15 extent required to control unlawful diversion of liquor from authorized
16 channels of distribution, require that packages of liquor transported
17 within the state be sealed with (~~(the)~~) such official seal as may be
18 adopted by the board, except in the case of:

19 (1) (~~(Liquor imported by the board; or~~
20 ~~—(2)—~~) Liquor manufactured in the state (~~(for sale to the board or~~
21 for export)); or

22 (~~(3) Beer,~~) (2) Liquor purchased within the state or for shipment
23 to a consumer within the state in accordance with the provisions of
24 law; or

25 (~~(4)~~) (3) Wine or beer exempted in RCW 66.12.010.

26 **Sec. 209.** RCW 66.44.120 and 2011 c 96 s 46 are each amended to
27 read as follows:

28 (1) No person other than an employee of the board (~~(shall)~~) may
29 keep or have in his or her possession any official seal (~~(prescribed)~~)
30 adopted by the board under this title, unless the same is attached to
31 a package (~~(which has been purchased from a liquor store or contract~~
32 ~~liquor store)~~) in accordance with the law; nor (~~(shall)~~) may any person
33 keep or have in his or her possession any design in imitation of any
34 official seal prescribed under this title, or calculated to deceive by
35 its resemblance thereto, or any paper upon which any design in

1 imitation thereof, or calculated to deceive as aforesaid, is stamped,
2 engraved, lithographed, printed, or otherwise marked.

3 (2) (a) Except as provided in (b) of this subsection, every person
4 who willfully violates this section is guilty of a gross misdemeanor
5 and (~~shall be~~) is liable on conviction thereof for a first offense to
6 imprisonment in the county jail for a period of not less than three
7 months nor more than six months, without the option of the payment of
8 a fine, and for a second offense, to imprisonment in the county jail
9 for not less than six months nor more than three hundred sixty-four
10 days, without the option of the payment of a fine.

11 (b) A third or subsequent offense is a class C felony, punishable
12 by imprisonment in a state correctional facility for not less than one
13 year nor more than two years.

14 **Sec. 210.** RCW 66.44.150 and 1955 c 289 s 5 are each amended to
15 read as follows:

16 If any person in this state buys alcoholic beverages from any
17 person other than (~~the board, a state liquor store, or some~~) a person
18 authorized by the board to sell (~~them, he shall be~~) alcoholic
19 beverages, he or she is guilty of a misdemeanor.

20 **Sec. 211.** RCW 66.44.340 and 1999 c 281 s 11 are each amended to
21 read as follows:

22 (1) Employers holding grocery store or beer and/or wine specialty
23 shop licenses exclusively are permitted to allow their employees,
24 between the ages of eighteen and twenty-one years, to sell, stock, and
25 handle (~~beer or wine~~) liquor in, on or about any establishment
26 holding a (~~grocery store or beer and/or wine specialty shop~~) license
27 (~~exclusively: PROVIDED, That~~) to sell such liquor, if:

28 (a) There is an adult twenty-one years of age or older on duty
29 supervising the sale of liquor at the licensed premises (~~PROVIDED,~~
30 ~~That~~); and

31 (b) In the case of spirits, there are at least two adults twenty-
32 one years of age or older on duty supervising the sale of spirits at
33 the licensed premises.

34 (2) Employees under twenty-one years of age may make deliveries of
35 beer and/or wine purchased from licensees holding grocery store or beer

1 and/or wine specialty shop licenses exclusively, when delivery is made
2 to cars of customers adjacent to such licensed premises but only,
3 however, when the underage employee is accompanied by the purchaser.

4 **Sec. 212.** RCW 19.126.010 and 2003 c 59 s 1 are each amended to
5 read as follows:

6 (1) The legislature recognizes that both suppliers and wholesale
7 distributors of malt beverages and spirits are interested in the goal
8 of best serving the public interest through the fair, efficient, and
9 competitive distribution of such beverages. The legislature encourages
10 them to achieve this goal by:

11 (a) Assuring the wholesale distributor's freedom to manage the
12 business enterprise, including the wholesale distributor's right to
13 independently establish its selling prices; and

14 (b) Assuring the supplier and the public of service from wholesale
15 distributors who will devote their best competitive efforts and
16 resources to sales and distribution of the supplier's products which
17 the wholesale distributor has been granted the right to sell and
18 distribute.

19 (2) This chapter governs the relationship between suppliers of malt
20 beverages and spirits and their wholesale distributors to the full
21 extent consistent with the Constitution and laws of this state and of
22 the United States.

23 **Sec. 213.** RCW 19.126.020 and 2009 c 155 s 1 are each reenacted and
24 amended to read as follows:

25 The definitions in this section apply throughout this chapter
26 unless the context clearly requires otherwise.

27 (1) "Agreement of distributorship" means any contract, agreement,
28 commercial relationship, license, association, or any other
29 arrangement, for a definite or indefinite period, between a supplier
30 and distributor.

31 (2) "Authorized representative" has the same meaning as "authorized
32 representative" as defined in RCW 66.04.010.

33 (3) "Brand" means any word, name, group of letters, symbol, or
34 combination thereof, including the name of the distiller or brewer if
35 the distiller's or brewer's name is also a significant part of the
36 product name, adopted and used by a supplier to identify ((a)) specific

1 spirits or a specific malt beverage product and to distinguish that
2 product from other spirits or malt beverages produced by that supplier
3 or other suppliers.

4 (4) "Distributor" means any person, including but not limited to a
5 component of a supplier's distribution system constituted as an
6 independent business, importing or causing to be imported into this
7 state, or purchasing or causing to be purchased within this state, any
8 spirits or malt beverages for sale or resale to retailers licensed
9 under the laws of this state, regardless of whether the business of
10 such person is conducted under the terms of any agreement with a
11 distiller or malt beverage manufacturer.

12 (5) "Importer" means any distributor importing spirits or beer into
13 this state for sale to retailer accounts or for sale to other
14 distributors designated as "subjobbers" for resale.

15 (6) "Malt beverage manufacturer" means every brewer, fermenter,
16 processor, bottler, or packager of malt beverages located within or
17 outside this state, or any other person, whether located within or
18 outside this state, who enters into an agreement of distributorship for
19 the resale of malt beverages in this state with any wholesale
20 distributor doing business in the state of Washington.

21 (7) "Person" means any natural person, corporation, partnership,
22 trust, agency, or other entity, as well as any individual officers,
23 directors, or other persons in active control of the activities of such
24 entity.

25 (8) "Spirits manufacturer" means every distiller, processor,
26 bottler, or packager of spirits located within or outside this state,
27 or any other person, whether located within or outside this state, who
28 enters into an agreement of distributorship for the resale of spirits
29 in this state with any wholesale distributor doing business in the
30 state of Washington.

31 (9) "Successor distributor" means any distributor who enters into
32 an agreement, whether oral or written, to distribute a brand of spirits
33 or malt beverages after the supplier with whom such agreement is made
34 or the person from whom that supplier acquired the right to manufacture
35 or distribute the brand has terminated, canceled, or failed to renew an
36 agreement of distributorship, whether oral or written, with another
37 distributor to distribute that same brand of spirits or malt beverages.

1 (~~(9)~~) (10) "Supplier" means any spirits or malt beverage
2 manufacturer or importer who enters into or is a party to any agreement
3 of distributorship with a wholesale distributor. "Supplier" does not
4 include: (a) Any (~~domestic~~) distiller licensed under RCW 66.24.140
5 or 66.24.145 and producing less than sixty thousand proof gallons of
6 spirits annually or any brewery or microbrewery licensed under RCW
7 66.24.240 and producing less than two hundred thousand barrels of malt
8 liquor annually; (b) any brewer or manufacturer of malt liquor
9 producing less than two hundred thousand barrels of malt liquor
10 annually and holding a certificate of approval issued under RCW
11 66.24.270; or (c) any authorized representative of distillers or malt
12 distillers or malt liquor manufacturers who holds an appointment from one or more
13 distillers or malt liquor manufacturers which, in the aggregate,
14 produce less than two hundred thousand barrels of malt liquor or sixty
15 thousand proof gallons of spirits.

16 (~~(10)~~) (11) "Terminated distribution rights" means distribution
17 rights with respect to a brand of malt beverages which are lost by a
18 terminated distributor as a result of termination, cancellation, or
19 nonrenewal of an agreement of distributorship for that brand.

20 (~~(11)~~) (12) "Terminated distributor" means a distributor whose
21 agreement of distributorship with respect to a brand of spirits or malt
22 beverages, whether oral or written, has been terminated, canceled, or
23 not renewed.

24 **Sec. 214.** RCW 19.126.040 and 2009 c 155 s 3 are each amended to
25 read as follows:

26 Wholesale distributors are entitled to the following protections
27 which are deemed to be incorporated into every agreement of
28 distributorship:

29 (1) Agreements between wholesale distributors and suppliers
30 (~~shall~~) must be in writing;

31 (2) A supplier (~~shall~~) must give the wholesale distributor at
32 least sixty days prior written notice of the supplier's intent to
33 cancel or otherwise terminate the agreement, unless such termination is
34 based on a reason set forth in RCW 19.126.030(5) or results from a
35 supplier acquiring the right to manufacture or distribute a particular
36 brand and electing to have that brand handled by a different
37 distributor. The notice (~~shall~~) must state all the reasons for the

1 intended termination or cancellation. Upon receipt of notice, the
2 wholesale distributor (~~shall have~~) has sixty days in which to rectify
3 any claimed deficiency. If the deficiency is rectified within this
4 sixty-day period, the proposed termination or cancellation is null and
5 void and without legal effect;

6 (3) The wholesale distributor may sell or transfer its business, or
7 any portion thereof, including the agreement, to successors in interest
8 upon prior approval of the transfer by the supplier. No supplier may
9 unreasonably withhold or delay its approval of any transfer, including
10 wholesaler's rights and obligations under the terms of the agreement,
11 if the person or persons to be substituted meet reasonable standards
12 imposed by the supplier;

13 (4) If an agreement of distributorship is terminated, canceled, or
14 not renewed for any reason other than for cause, failure to live up to
15 the terms and conditions of the agreement, or a reason set forth in RCW
16 19.126.030(5), the wholesale distributor is entitled to compensation
17 from the successor distributor for the laid-in cost of inventory and
18 for the fair market value of the terminated distribution rights. For
19 purposes of this section, termination, cancellation, or nonrenewal of
20 a distributor's right to distribute a particular brand constitutes
21 termination, cancellation, or nonrenewal of an agreement of
22 distributorship whether or not the distributor retains the right to
23 continue distribution of other brands for the supplier. In the case of
24 terminated distribution rights resulting from a supplier acquiring the
25 right to manufacture or distribute a particular brand and electing to
26 have that brand handled by a different distributor, the affected
27 distribution rights will not transfer until such time as the
28 compensation to be paid to the terminated distributor has been finally
29 determined by agreement or arbitration;

30 (5) When a terminated distributor is entitled to compensation under
31 subsection (4) of this section, a successor distributor must compensate
32 the terminated distributor for the fair market value of the terminated
33 distributor's rights to distribute the brand, less any amount paid to
34 the terminated distributor by a supplier or other person with respect
35 to the terminated distribution rights for the brand. If the terminated
36 distributor's distribution rights to a brand of spirits or malt
37 beverages are divided among two or more successor distributors, each
38 successor distributor must compensate the terminated distributor for

1 the fair market value of the distribution rights assumed by that
2 successor distributor, less any amount paid to the terminated
3 distributor by a supplier or other person with respect to the
4 terminated distribution rights assumed by the successor distributor.
5 A terminated distributor may not receive total compensation under this
6 subsection that exceeds the fair market value of the terminated
7 distributor's distribution rights with respect to the affected brand.
8 Nothing in this section (~~shall~~) may be construed to require any
9 supplier or other third person to make any payment to a terminated
10 distributor;

11 (6) For purposes of this section, the "fair market value" of
12 distribution rights as to a particular brand means the amount that a
13 willing buyer would pay and a willing seller would accept for such
14 distribution rights when neither is acting under compulsion and both
15 have knowledge of all facts material to the transaction. "Fair market
16 value" is determined as of the date on which the distribution rights
17 are to be transferred in accordance with subsection (4) of this
18 section;

19 (7) In the event the terminated distributor and the successor
20 distributor do not agree on the fair market value of the affected
21 distribution rights within thirty days after the terminated distributor
22 is given notice of termination, the matter must be submitted to binding
23 arbitration. Unless the parties agree otherwise, such arbitration must
24 be conducted in accordance with the American arbitration association
25 commercial arbitration rules with each party to bear its own costs and
26 attorneys' fees;

27 (8) Unless the parties otherwise agree, or the arbitrator for good
28 cause shown orders otherwise, an arbitration conducted pursuant to
29 subsection (7) of this section must proceed as follows: (a) The notice
30 of intent to arbitrate must be served within forty days after the
31 terminated distributor receives notice of terminated distribution
32 rights; (b) the arbitration must be conducted within ninety days after
33 service of the notice of intent to arbitrate; and (c) the arbitrator or
34 arbitrators must issue an order within thirty days after completion of
35 the arbitration;

36 (9) In the event of a material change in the terms of an agreement
37 of distribution, the revised agreement must be considered a new
38 agreement for purposes of determining the law applicable to the

1 agreement after the date of the material change, whether or not the
2 agreement of distribution is or purports to be a continuing agreement
3 and without regard to the process by which the material change is
4 effected.

5 NEW SECTION. **Sec. 215.** The following acts or parts of acts are
6 each repealed:

- 7 (1) RCW 66.08.070 (Purchase of liquor by board--Consignment not
8 prohibited--Warranty or affirmation not required for wine or malt
9 purchases) and 1985 c 226 s 2, 1973 1st ex.s. c 209 s 1, & 1933 ex.s.
10 c 62 s 67;
- 11 (2) RCW 66.08.075 (Officer, employee not to represent manufacturer,
12 wholesaler in sale to board) and 1937 c 217 s 5;
- 13 (3) RCW 66.08.160 (Acquisition of warehouse authorized) and 1947 c
14 134 s 1;
- 15 (4) RCW 66.08.165 (Strategies to improve operational efficiency and
16 revenue) and 2005 c 231 s 1;
- 17 (5) RCW 66.08.166 (Sunday sales authorized--Store selection and
18 other requirements) and 2005 c 231 s 2;
- 19 (6) RCW 66.08.167 (Sunday sales--Store selection) and 2005 c 231 s
20 4;
- 21 (7) RCW 66.08.220 (Liquor revolving fund--Separate account--
22 Distribution) and 2011 c 325 s 8, 2009 c 271 s 4, 2007 c 370 s 15, 1999
23 c 281 s 2, & 1949 c 5 s 11;
- 24 (8) RCW 66.08.235 (Liquor control board construction and
25 maintenance account) and 2011 c 5 s 918, 2005 c 151 s 4, 2002 c 371 s
26 918, & 1997 c 75 s 1;
- 27 (9) RCW 66.16.010 (Board may establish--Price standards--Prices in
28 special instances) and 2005 c 518 s 935, 2003 1st sp.s. c 25 s 928,
29 1939 c 172 s 10, 1937 c 62 s 1, & 1933 ex.s. c 62 s 4;
- 30 (10) RCW 66.16.040 (Sales of liquor by employees--Identification
31 cards--Permit holders--Sales for cash--Exception) and 2005 c 206 s 1,
32 2005 c 151 s 5, 2005 c 102 s 1, 2004 c 61 s 1, 1996 c 291 s 1, 1995 c
33 16 s 1, 1981 1st ex.s. c 5 s 8, 1979 c 158 s 217, 1973 1st ex.s. c 209
34 s 3, 1971 ex.s. c 15 s 1, 1959 c 111 s 1, & 1933 ex.s. c 62 s 7;
- 35 (11) RCW 66.16.041 (Credit and debit card purchases--Rules--
36 Provision, installation, maintenance of equipment by board--

1 Consideration of offsetting liquor revolving fund balance reduction)
2 and 2011 1st sp.s. c ... (ESSB 5921) s 16, 2005 c 151 s 6, 2004 c 63 s
3 2, 1998 c 265 s 3, 1997 c 148 s 2, & 1996 c 291 s 2;
4 (12) RCW 66.16.050 (Sale of beer and wine to person licensed to
5 sell) and 1933 ex.s. c 62 s 8;
6 (13) RCW 66.16.060 (Sealed packages may be required, exception) and
7 1943 c 216 s 1 & 1933 ex.s. c 62 s 9;
8 (14) RCW 66.16.070 (Liquor cannot be opened or consumed on store
9 premises) and 2011 c 186 s 3 & 1933 ex.s. c 62 s 10;
10 (15) RCW 66.16.100 (Fortified wine sales) and 1997 c 321 s 42 &
11 1987 c 386 s 5;
12 (16) RCW 66.16.110 (Birth defects from alcohol--Warning required)
13 and 1993 c 422 s 2;
14 (17) RCW 66.16.120 (Employees working on Sabbath) and 2005 c 231 s
15 5; and
16 (18) RCW 66.28.045 (Furnishing samples to board--Standards for
17 accountability--Regulations) and 1975 1st ex.s. c 173 s 9.

18 NEW SECTION. **Sec. 216.** The following acts or parts of acts are
19 each repealed:

- 20 (1) ESSB 5942 ss 1 through 6, as later assigned a session law
21 number and/or codified;
22 (2) ESSB 5942 ss 7 through 10, as later assigned a session law
23 number; and
24 (3) Any act or part of act relating to the warehousing and
25 distribution of liquor, including the lease of the state's liquor
26 warehousing and distribution facilities, adopted subsequent to May 25,
27 2011 in any 2011 special session.

28 **PART III**
29 **MISCELLANEOUS PROVISIONS**

30 NEW SECTION. **Sec. 301.** This act does not increase any tax, create
31 any new tax, or eliminate any tax. Section 106 of this act applies to
32 spirits licensees upon the effective date of this section, but all
33 taxes presently imposed by RCW 82.08.150 on sales of spirits by or on
34 behalf of the liquor control board continue to apply so long as the
35 liquor control board makes any such sales.

1 NEW SECTION. **Sec. 302.** A new section is added to chapter 66.24
2 RCW to read as follows:

3 The distribution of spirits license fees under sections 103 and 105
4 of this act through the liquor revolving fund to border areas,
5 counties, cities, towns, and the municipal research center must be made
6 in a manner that provides that each category of recipients receive, in
7 the aggregate, no less than it received from the liquor revolving fund
8 during comparable periods prior to the effective date of this section.
9 An additional distribution of ten million dollars per year from the
10 spirits license fees must be provided to border areas, counties,
11 cities, and towns through the liquor revolving fund for the purpose of
12 enhancing public safety programs.

13 NEW SECTION. **Sec. 303.** The department of revenue must develop
14 rules and procedures to address claims that this act unconstitutionally
15 impairs any contract with the state and to provide a means for
16 reasonable compensation of claims it finds valid, funded first from
17 revenues based on spirits licensing and sale under this act.

18 NEW SECTION. **Sec. 304.** If any provision of this act or its
19 application to any person or circumstance is held invalid, the
20 remainder of this act or the application of the provision to other
21 persons or circumstances is not affected.

22 NEW SECTION. **Sec. 305.** This act takes effect upon approval by the
23 voters. Section 216, subsections (1) and (2) of this act take effect
24 if Engrossed Substitute House Bill No. 5942 is enacted by the
25 legislature in 2011 and the bill, or any portion of it, becomes law.
26 Section 216, subsection (3) of this act takes effect if any act or part
27 of an act relating to the warehousing and distribution of liquor,
28 including the lease of the state's liquor warehousing and distribution
29 facilities, is adopted subsequent to May 25, 2011 in any 2011 special
30 session.

 Originally filed in Office of Secretary of State May 26, 2011.
 Approved by the People of the State of Washington in the General
 Election on November 8, 2011.